



IMMIGRATION and America's Workforce Shortage

A Nebraska Challenge in Need of a National Solution

*Prepared for the Nebraska Chamber Foundation by Economic Leadership
January 2024*





Fellow Nebraskans,

As we prepare for the next decade, strengthening and advancing Nebraska's economy starts with identifying the new challenges and opportunities facing our state, with the ultimate goal of ensuring Nebraska's competitiveness and success. This effort must be driven by facts and informed by data.

The Nebraska Chamber Foundation is committed to non-partisan research advancing economic growth in Nebraska. We have created an on-going steering committee of 40+ business leaders from across the state. These forward-looking individuals will help identify the issues Nebraska's economy and communities face and anticipate. From there, the Foundation will work to make sure there is more meaningful data in order to define the issues and identify solutions that will move the needle.

Our inaugural studies set the stage for where Nebraska's economy stands and they provide data and analysis that will help Nebraska lead the effort to strengthen our economy in their own communities and regions.

These 2024 studies can be found at www.nechamber.com/foundation and include:

- **Nebraska Economic Competitiveness Assessment** - which measures Nebraska's economic standing with peer states
- **Nebraska Manufacturing Competitiveness** - which provides an industry breakdown of one of Nebraska's top performing industries
- **Immigration and America's Workforce Shortage: A Nebraska Challenge in Need of a National Solution** - which defines Nebraska's workforce shortage and outlines the opportunities posed by legal immigration reform

It is our hope that Nebraska leaders will collaboratively leverage the data found in these studies to find regional and statewide solutions to ensure that we strengthen and grow our economy for years to come.

Sincerely,



Tera Norris
President
NE Chamber Foundation

Thank you to our NE Chamber Foundation INVESTORS



Nebraska Immigration Report

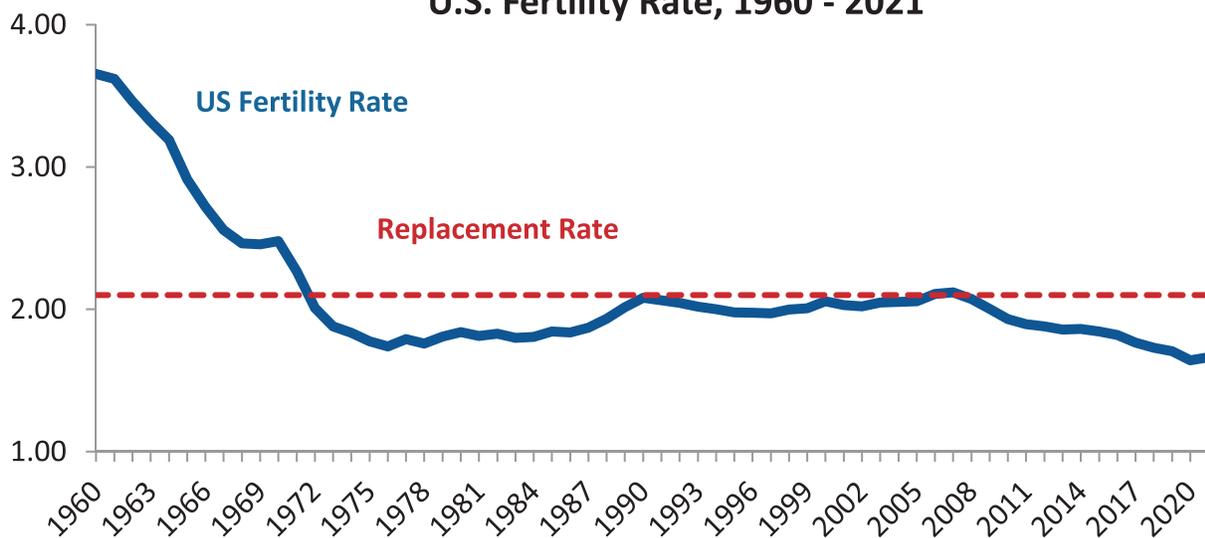
The Workforce Issue in America and Nebraska

Workforce is the top competitive issue facing business in America. First, there is a lack of workers with specific skills that has created severe shortages in critical occupations. Across the country, states and communities are struggling to staff positions such as teachers, mechanics, nurses, police officers, childcare workers, brick masons, carpenters, and engineers. Second, in addition to a lack of workers with specific skills, there are not enough workers to meet current demand. Survey after survey names finding enough workers with the right skills as a persistent hindrance to business growth. In Nebraska, in a manufacturing focus group, the consensus was a common refrain heard across the country: “Our business will look anywhere and everywhere to find more workers.”

The lack of available workers is a complex issue with no simple solution. Our country entered 2023 with near record low unemployment. Then, over the past twelve months, the economy created almost 2.8 million additional jobs and the participation rate of prime working age adults hit a 20-year high. In Nebraska, the workforce need is even more acute. The state has one of the country’s lowest unemployment rates and highest labor force participation rates, yet consistently has well over 50,000 listed job openings. Nebraska’s lack of workers is part of a national crisis demanding bold action.

Without action, there are not, and will not be, enough young people coming into the workforce to replace those that retire. The U.S. fertility rate has generally been below the replacement rate (the births needed to maintain population at existing levels) since 1971—over 50 years—and has remained consistently below it since the financial crisis and Great Recession. The fertility rate dropped further still since the pandemic and has yet to recover.

U.S. Fertility Rate, 1960 - 2021



Source: Federal Reserve Bank of St. Louis (2023)

An Overview of Immigration in the U.S. and its Economic Impact

Since the passage of the Immigration and Nationality Act in 1965, immigrants (along with their children and grandchildren) have accounted for the majority of all U.S. population growth.ⁱ Foreign born residents of all kinds (legal immigrants, refugees, undocumented immigrants, etc.) made up 18 percent of the U.S. workforce in 2022.ⁱⁱ

In addition to their critical role in filling jobs in many essential occupations – from higher skilled to lower skilled – foreign-born workers pay a significant amount in taxes that support the programs many Americans depend on, such as Social Security and Medicare. Undocumented immigrant households alone paid \$18.9 billion in federal taxes and \$11.7 billion in state and local taxes in 2019.ⁱⁱⁱ

Foreign-born residents can be found in almost all communities, but they make up a greater percentage of the population in urban areas than in rural areas. According to research from the Federal Reserve Bank



of Richmond, foreign-born people comprised 14.9 percent of the total urban population and 3.5 percent of the rural population as of 2019.^{iv} Still, a 2018 report notes that “immigrants are often reversing or mitigating rural population decline,” and that their incomes and tax payments help support public schools and services for retirees. The study evaluated over 2,700 rural places in America and found that, on average, the native-born population declined by 12 percent while the foreign-born population grew by 130 percent over a 15-year period. Also, a higher percentage of immigrants were of working age (nearly 80 percent) compared with the U.S.-born population (60 percent).^v

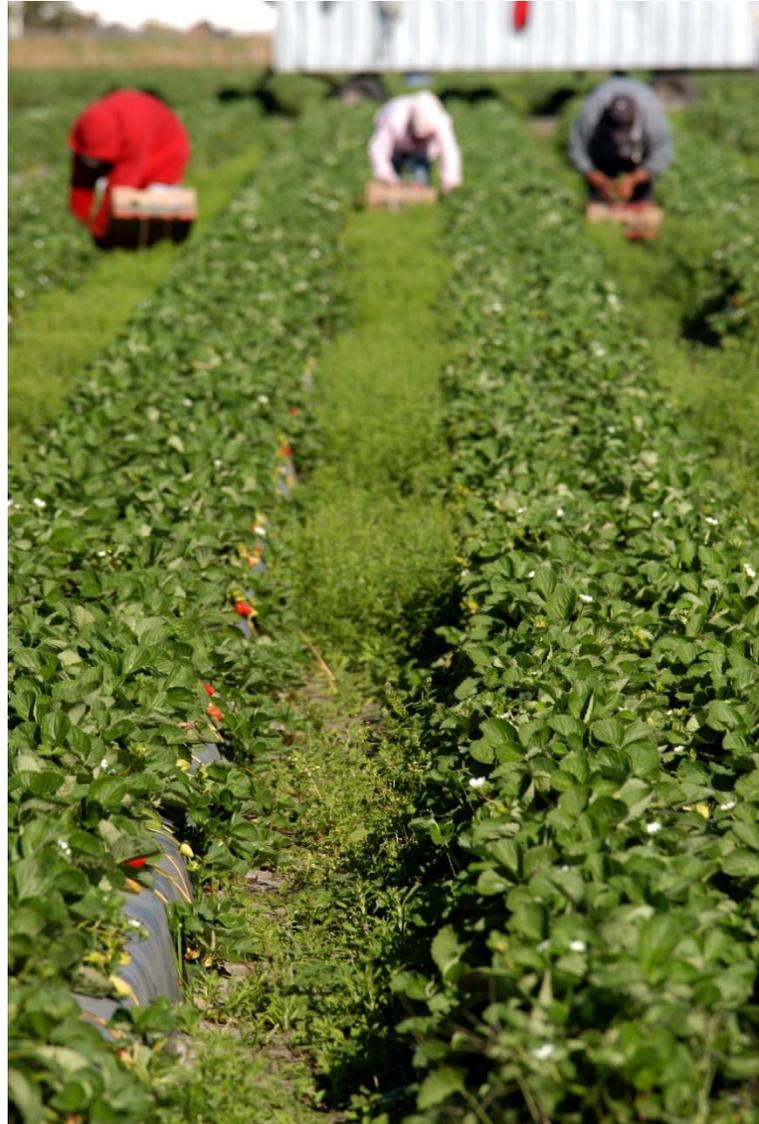
Data supports the contention that immigrants are connected with strong economic performance in rural areas. Though not necessarily a cause-and-effect relationship, another study links greater percentages of foreign-born residents in non-metro counties with higher per capita income, lower unemployment rates, and lower poverty.^{vi}

Immigrant workers often fill crucial roles in rural workforces, including jobs in agriculture, tourism, manufacturing, and healthcare. Immigrants are also commonly employed in

construction and repair, or in services such as personal appearance and cleaning. Compared with those in urban areas, rural immigrant workers are less likely to have a college degree, though there are important exceptions. For example, in 2019, 14 percent of physicians in rural areas of the U.S. were immigrants.^{vii}

In agriculture and food production, immigrants comprise especially large shares in the American food manufacturing, animal production and crop production sectors, where they make up at least 12 percent of those workforces. Within food manufacturing, immigrants concentrate in firms that specialize in meat, poultry, and fish processing. In animal production and crop production, immigrants tend to concentrate in crop handling. A 2020 report by the Cato Institute notes that almost 80 percent of crop handlers in the U.S. in 2016 were born outside of the country, and almost 50 percent of them did not have legal permission to work in the United States.^{viii}

A common concern with employing foreign born workers is that they will take jobs that could go to native born residents. However, the Richmond Fed finds that past restrictions on immigration in rural areas haven't proven to be very effective in boosting native worker employment. This is partially because native workers seem unwilling to take many jobs in rural areas in which foreign-born workers are often employed. Additionally, businesses frequently respond to labor restrictions by investing in new technologies which can eliminate the need for some jobs. The Richmond Fed notes that rural communities further benefit from foreign-born labor by a) immigrants bringing skills not



available in the local labor market; and b) immigrants spending money and paying taxes in rural communities, which can help spur business development.

Another area in which (especially higher skilled) immigrants can spur economic development is in entrepreneurship and innovation. A report by the Economic Innovation Group (EIG) concludes that “skilled immigrants fuel American dynamism.”^{ix} The EIG report notes the basic math problem in America: 77 percent of U.S.



77 percent of U.S. counties lost prime working age population from 2011 to 2021. But beyond the benefit of filling essential occupations, EIG states that foreign born residents have an outsized impact on U.S. entrepreneurship and innovation. Immigrants start new businesses at twice the rate of native-born Americans, and in any given year they are responsible for 25 percent of all new business formation in the country.

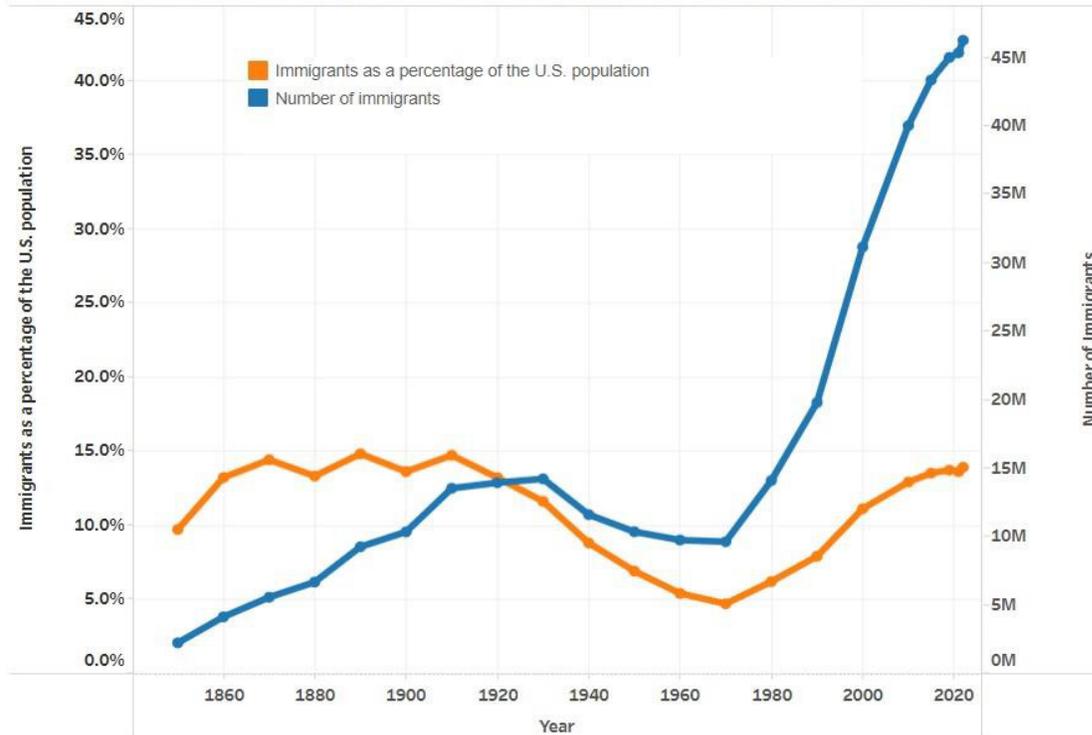
Other noteworthy statistics reported by EIG:

- Immigrants make up 14 percent of the U.S. population but 30 percent of inventors in the country.
- Immigrant entrepreneurs employ nearly eight million people in the United States.
- Immigrants with STEM degrees were responsible for an estimated 30 to 50 percent of American productivity growth between 1990 and 2010.
- 44 percent of Fortune 500 companies were founded by immigrants or their children.
- 55 percent of startup businesses valued at over \$1 billion were immigrant founded or co-founded.^x

The report finds that skilled immigrants with college degrees are clustered in the 20 most populous counties in America and concludes that it would be valuable for the U.S. economy to expand efforts to bring more skilled migrants to more parts of the country.

After bottoming out in 1970, the absolute number of immigrants in the United States has risen sharply. However, as a percentage of the U.S. population, immigration has remained within historical levels. Immigrants made up 13.6 percent of the country’s total population as of 2021, compared with an all-time high of 14.8 percent in 1890.^{xi}

Number of Immigrants and Their Share of the Total U.S. Population, 1850-2022



Migration Policy Institute (MPI) Data Hub
<http://migrationpolicy.org/programs/data-hub>

These states saw the greatest growth in immigration between 2010 and 2021:

Rank	Percentage Increase	Absolute Increase
1	North Dakota	Florida
2	Delaware	Texas
3	South Dakota	California
4	Idaho	New Jersey
5	Kentucky	Washington

Source: "Frequently Requested Statistics on Immigrants and Immigration in the United States." Migrationpolicy.org. March 14, 2023.

Much recent attention has been focused on the sharp increase in hopeful migrants and refugees showing up along the country's southwestern border. There was a total of about 2.5 million encounters with migrants along the U.S. border with Mexico in FY2023, an all-time high. A record number of these individuals have come from nations other than Mexico and Central American countries. For the first time ever, arrivals from outside Mexico and Central America made up more than 50 percent of the total.^{xii}

The Need for Comprehensive Immigration Reform

Numerous groups have concluded that there is a need for comprehensive immigration reform in the U.S. to improve border security while increasing the total inflow of legal immigrants, as well as improving the process, the time, and the cost involved. Comprehensive reform would adjust existing visa programs for more skilled and less skilled workers, increasing limits or removing caps and making the application process less cumbersome for both employers and participants. It would also provide a path to citizenship for undocumented immigrants already in the country.

“America has grown and thrived because we attract and welcome the hardest working and most talented people to our shores. They come here to pursue their dreams and build their lives. However, today’s immigration system falls far short of meeting the needs of our society, our economy, our businesses, and our workers. The U.S. Chamber works for smart immigration policy reforms so the U.S. can boost economic growth, create jobs, and encourage innovation and entrepreneurship.”

U.S. Chamber of Commerce Web Site

For work visa programs particularly important to rural America such as the H-2A program, the Richmond Fed concludes that “simplifying and expanding the H-2A program could be a useful policy tool to expand agricultural production and help boost economic activity in rural areas.”



Regarding undocumented immigrants, advocates such as Jackie Vimo of the National Immigration Law Center say that a pathway to citizenship would offer eligible workers better education and employment opportunities while boosting federal tax revenues.^{xiii}

Other research explores the potential benefits of a pathway to citizenship for the undocumented. In 2021, the Center for American Progress modeled several pathway scenarios. Under the most comprehensive scenario, the U.S. economy would add \$1.7 trillion in GDP and 439,000 more jobs over 10 years.^{xiv} Earnings for eligible workers would rise substantially as well.

Critics point out that because the potential change in U.S. population is unknown under these scenarios, there's no guarantee that GDP per capita would increase.

Americans appear to generally support reform in immigration policy and practices. In a 2021 survey of U.S. adults by the Cato Institute, 56 percent of Americans supported making legal immigration easier and 55 percent backed a pathway to citizenship for undocumented immigrants already in the country. However, the political climate in Washington has resulted in decades of inaction on these issues. Concerns with border security and the sheer number of those seeking asylum or other entry into the country have become highly politicized topics in recent years. Jackie Vimo of the National Immigration Law Center says, "There hasn't been a political environment in Washington to implement what is common-sense policy." Silva Mathema of the Center for American Progress agrees, saying, "The biggest hurdle has been polarization and politicization of immigration."^{xv}

The U.S. Chamber of Commerce's LIBERTY Campaign outlines a set of policy guidelines needed to address the major issues associated with comprehensive immigration reform, including actions to secure the southern border and increase access to legal immigration.^{xvi}

Specific suggestions of the LIBERTY Campaign include the following:

- Increasing the human, physical, and technological resources along the southern border and at ports of entry
- Sensibly reforming the nation's asylum laws
- Instituting modern, effective, and efficient employment verification reforms
- Significantly increasing the annual quotas for employment-based immigrant and nonimmigrant visas
- Expanding the scope of essential worker programs, specifically allowing employers to meet temporary labor needs in non-seasonal jobs
- Creating new visa options for international students, entrepreneurs, and other high-demand workers to help American employers meet their critical workforce needs.

Other national organizations, such as the National Immigration Forum, support these suggestions and include the need for a path to citizenship for undocumented immigrants.

Despite the existing political climate, there has been some bipartisan interest in pursuing comprehensive immigration reform addressing these tenets. In the 118th Congress, a number of bills aim to enhance security at the southern border while increasing access to legal immigration.

Whether or not legislation moves forward this year, legislative proposals appear to represent the kind of comprehensive, bipartisan reform effort that is needed to address the workforce challenges that face Nebraska and the nation.

Population, Immigration, and Workforce in Nebraska

Before the COVID pandemic, demographic realities and workforce challenges that had slowly unfolded over the years were already constraining growth for businesses across the United States. The pandemic only exacerbated these trends. Nebraska faces a pressing challenge in sustaining and expanding its workforce to meet the demands of a successful, rapidly evolving economy. The state's economic landscape – characterized by a diverse array of industries from agriculture to manufacturing and technology – requires a strategic approach to address its workforce limitations.

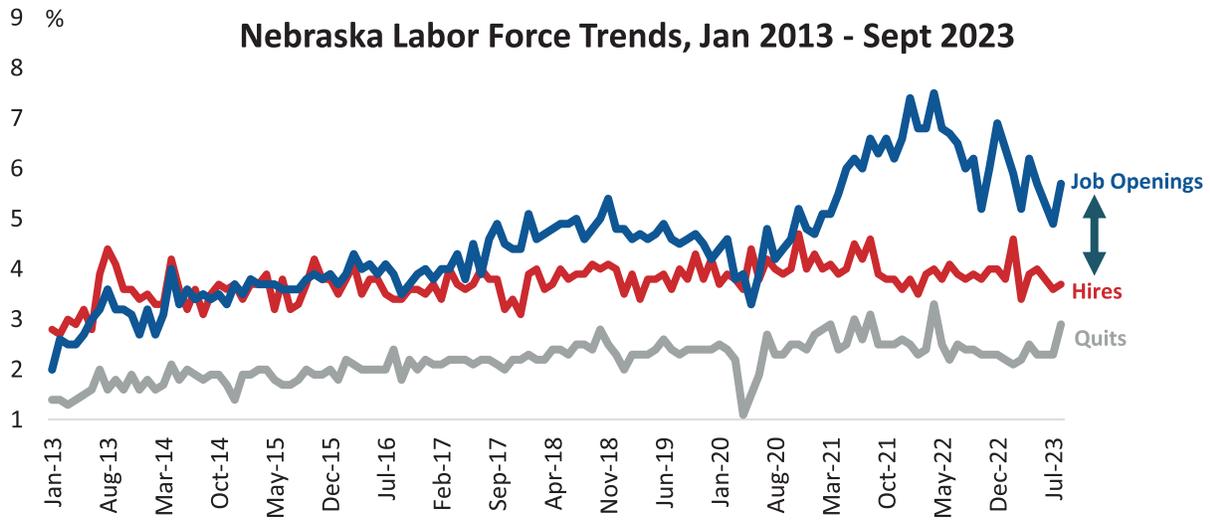
Continuing demographic trends like an aging local population are creating a numerical problem for Nebraska's economy. This section illustrates the trends that are creating workforce shortages across the state and lays out the potential for an infusion of foreign talent to help maintain a dynamic and competitive workforce.

For many years, Nebraska's businesses generally had been able to find the workers they needed. Workers frequently possessed the skills required for the job from previous experience and training or from their education. Labor participation rates were high and, if a worker left, finding a replacement was not a major issue.

This scenario now appears to have been the best of times.

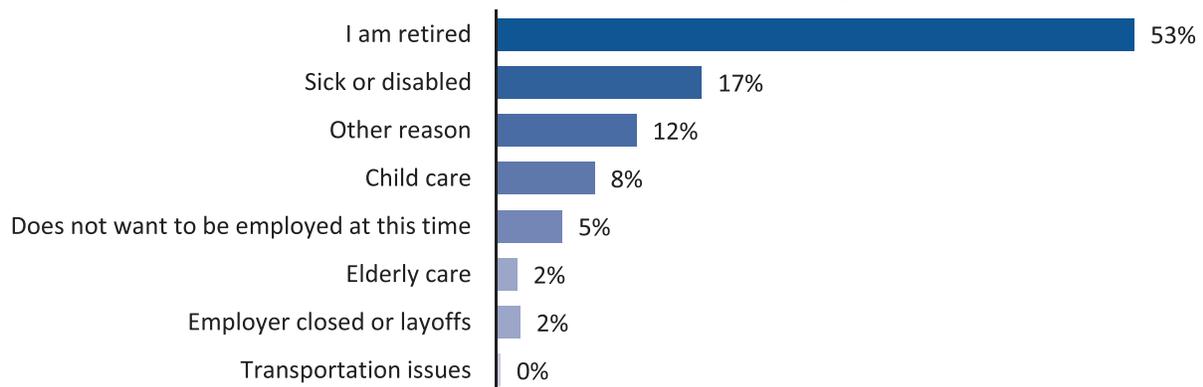
A few years into the recovery after the Great Recession (in the early 2010s), companies began to report more challenges finding workers with the right skills. The workforce discussion focused on this "skills mismatch" – if there were people to fill jobs in the economy, they just did not have the right training for those available jobs.

Lurking underneath the surface were several demographic trends that would create a major problem in the recovery from the lockdown phase of the pandemic. Business owners went from 10 applicants for each job opening to being lucky to get more than one applicant per open job. In Nebraska, job openings have remained more elevated than hires since the fall of 2020.



The demographic trend with the largest impact has been the aging of the population. The baby boomers were a huge segment of the workforce for decades. Overall, the generation was well-educated and benefited from decades of economic success. This led to many in this generation building wealth at unprecedented levels. The COVID pandemic occurred right around the time when the baby boomer generation began reaching retirement age. This, combined with their high levels of wealth, led many workers to retire. Nationally, workers over the age 55 is one of the few categories that has not returned to pre-pandemic levels of workforce participation.

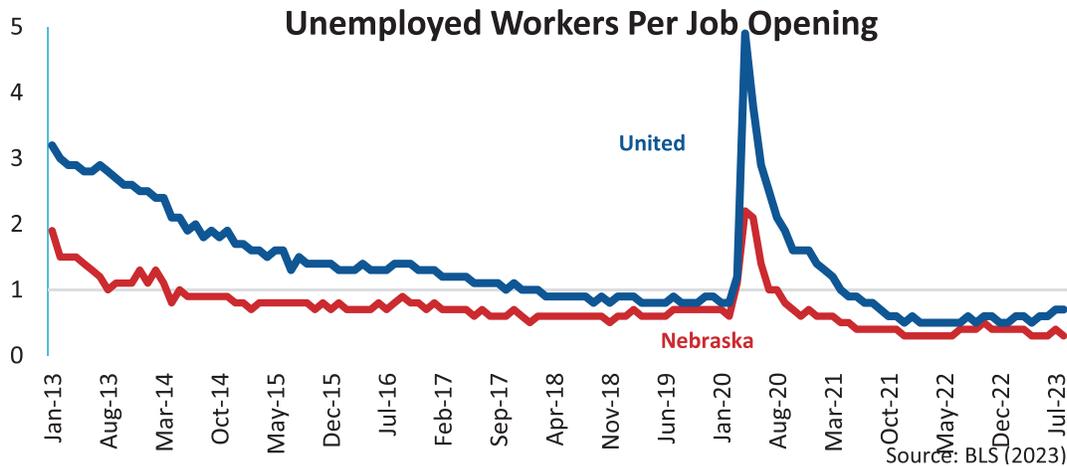
Reasons for Nebraska Residents Not Working, October 2023



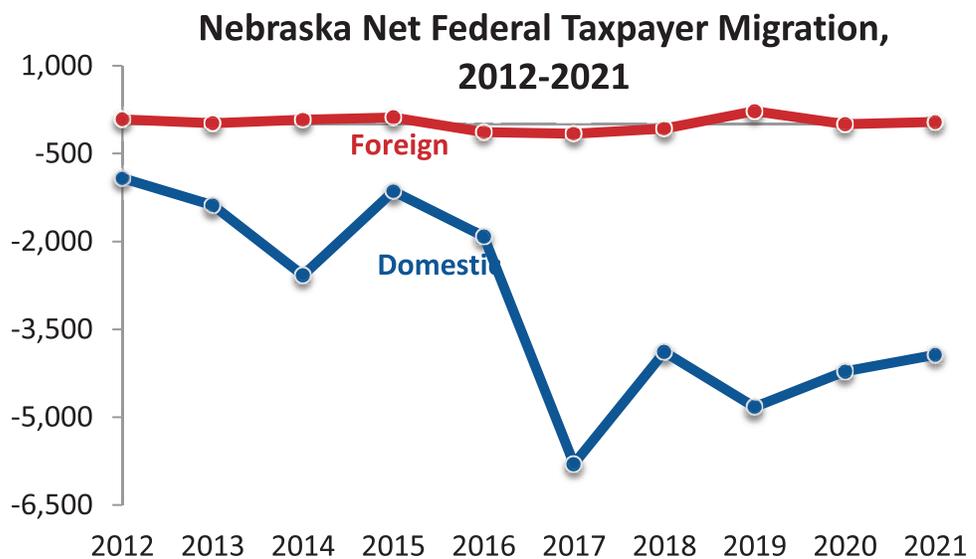
Source: US Census Bureau Household Pulse Survey: October 18-30, 2023

Another demographic trend impacting the U.S. workforce – including Nebraska’s – is the decline in fertility rate. The baby boomer generation and those that followed had fewer children. This led to the fertility rate in the country being lower than the replacement rate. The fertility rate has generally been below the replacement rate since 1971, and it dropped further following the Great Recession. Nebraska’s fertility rate is higher than the national average but has been declining in a similar manner.

This trend has led to some of the lowest unemployment rates that the nation has ever seen. Those who want to work have a plethora of jobs available. Now there are far fewer young people entering the labor force or other adults on the sidelines ready to replace retiring workers. Nebraska's economy is feeling the impact as the number of unemployed workers for each job opening is under 0.5 workers. The state's ratio has long been lower than the national average.



Several states have been able to grow their economies and workforce through domestic migration (migration from within the United States). Areas in the Mountain West and the Southeast have seen increases in relocation for job opportunities, lower taxes, a better climate, and a high quality of life. However, in Nebraska there has been net out-migration. For the last decade, more domestic taxpayers have left Nebraska than have moved into the state.



These trends have created a math problem. There are simply not enough people entering the workforce or

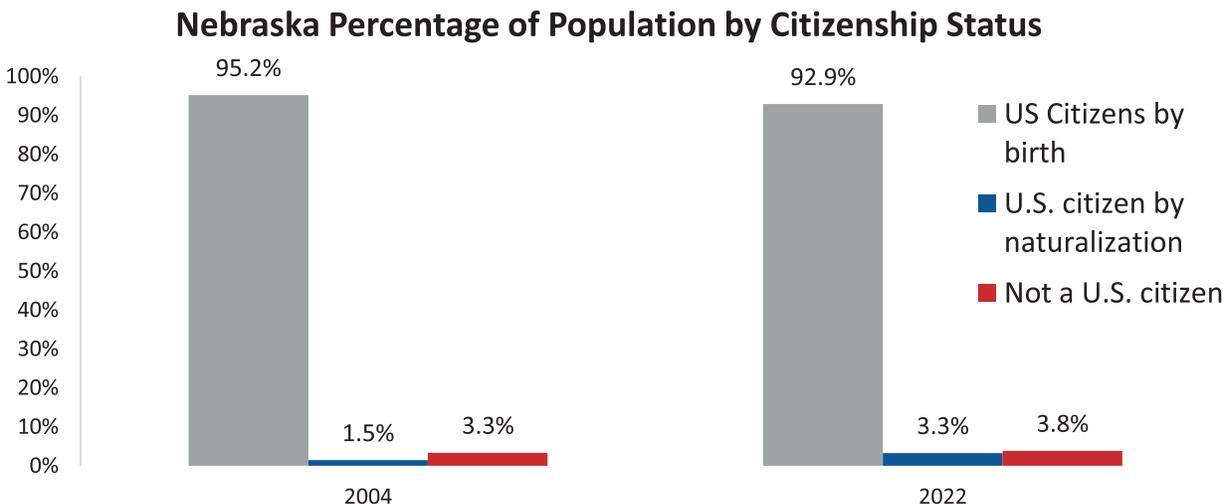
available on the sidelines to fill the essential jobs that keep our society functioning.

Foreign immigration emerges as a pivotal factor in this equation, offering a viable solution to the demographic and skill imbalances that hinder Nebraska's economic growth.

By attracting immigrants, including skilled immigrants, Nebraska can not only address immediate gaps in labor, it can also foster innovation and diversity in its industries.

Data on Immigration and its Impact on Nebraska's Economy

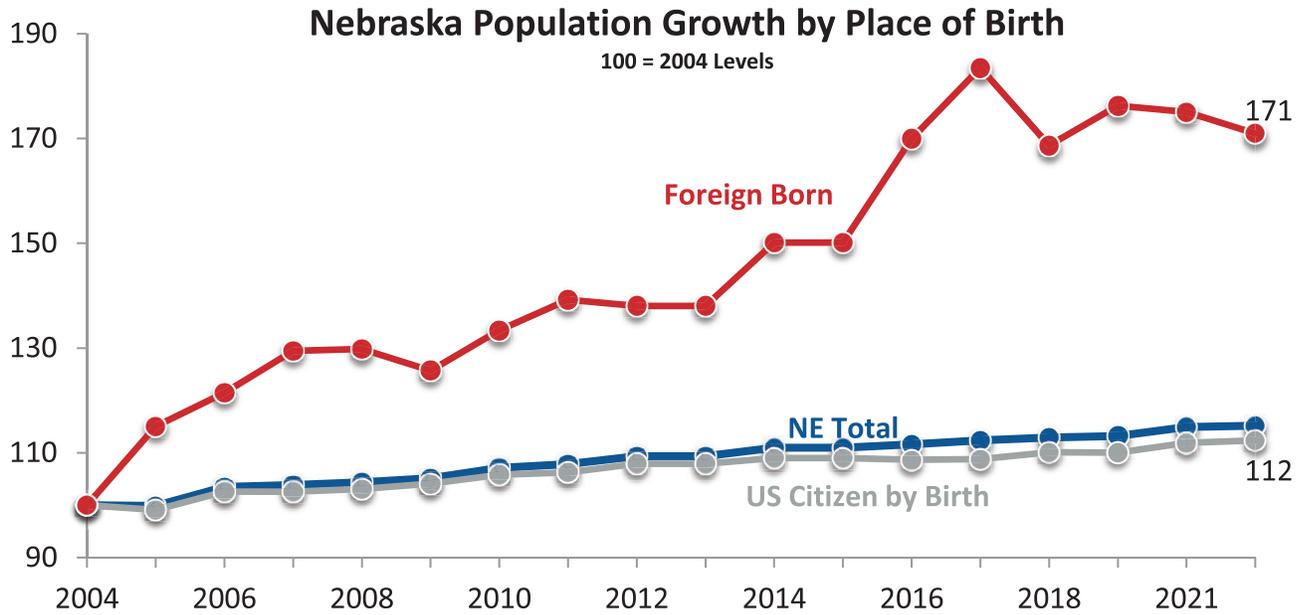
Data on immigration can be limited. The U.S. Census Bureau offers standardized data on residents who were foreign born. This foreign-born group includes immigrants who have become naturalized citizens of the United States. It also includes immigrants who are in the country with documented permission and those that are undocumented. The Census is known to undercount marginalized communities like immigrants due to language barriers. Undocumented workers also may be less likely to provide information to the federal government even though there is not a question pertaining to legal status. Despite its limitations, this data can provide a snapshot of the foreign-born community in Nebraska and help compare Nebraska trends against other states.



Source: EL calculations based on US Census Bureau microdata

In Nebraska, foreign-born residents represent a small portion of the population. Almost two-thirds of the state population was born in Nebraska. Of the 1.97 million Nebraska residents, about 1.27 million were born there. About 1.8 million of Nebraska's residents were U.S. citizens by birth (92.9%). Only about 140,000 residents were foreign born, representing 7.1 percent of the population. Approximately half of these foreign-born residents became American citizens through the naturalization process.

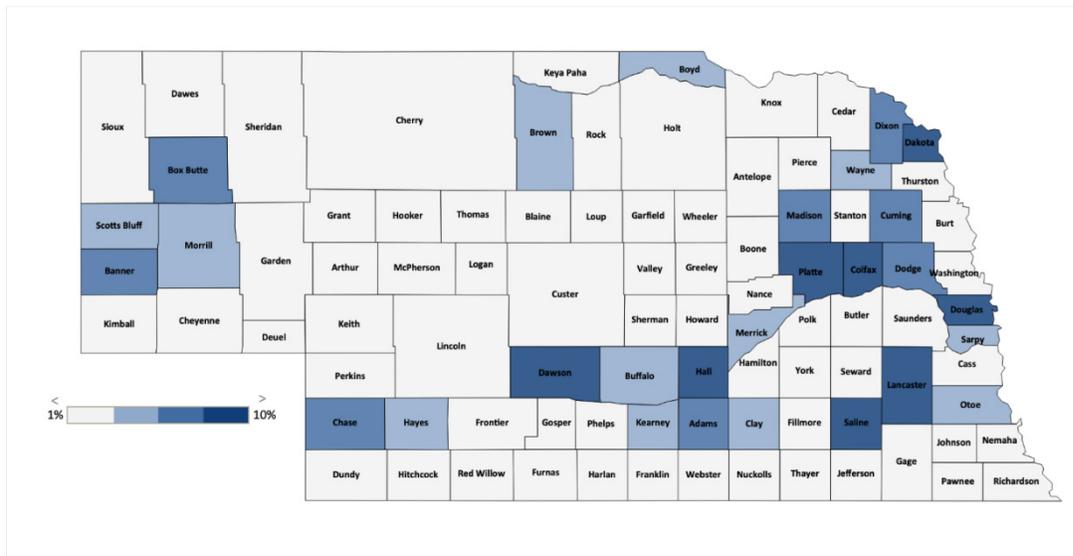
However, despite making up a small portion of the total, an increasing portion of the population growth in the state over the past 20 years has come from the foreign-born population.



Source: EL calculations based on US Census Bureau microdata

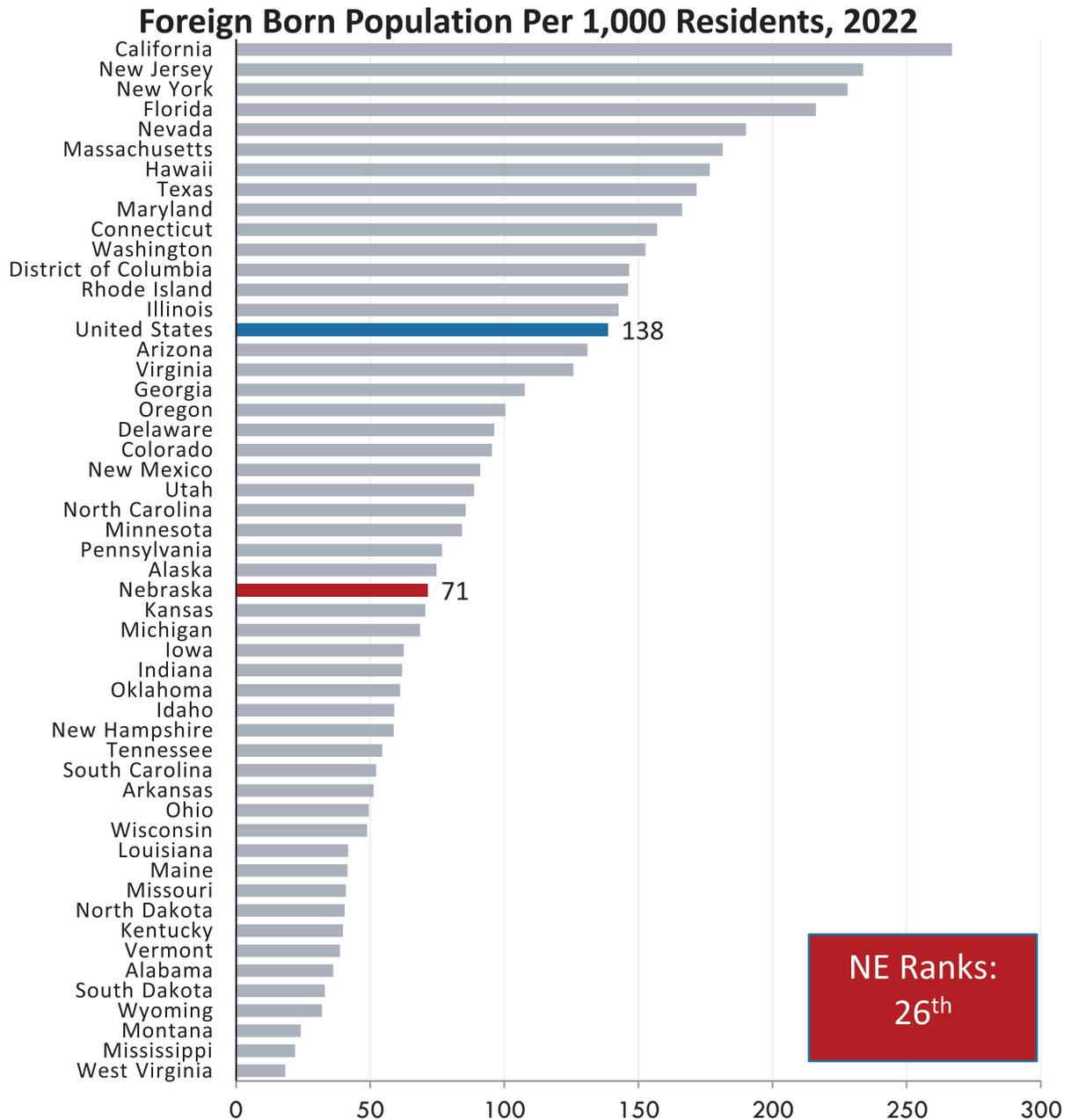
Foreign-born residents tend to be concentrated in a few counties in the state. Eight Nebraska counties have foreign-born populations greater than 10 percent.

Percentage of Foreign Born Residents, 2021



Source: EL calculations based on US Census Bureau (2023)

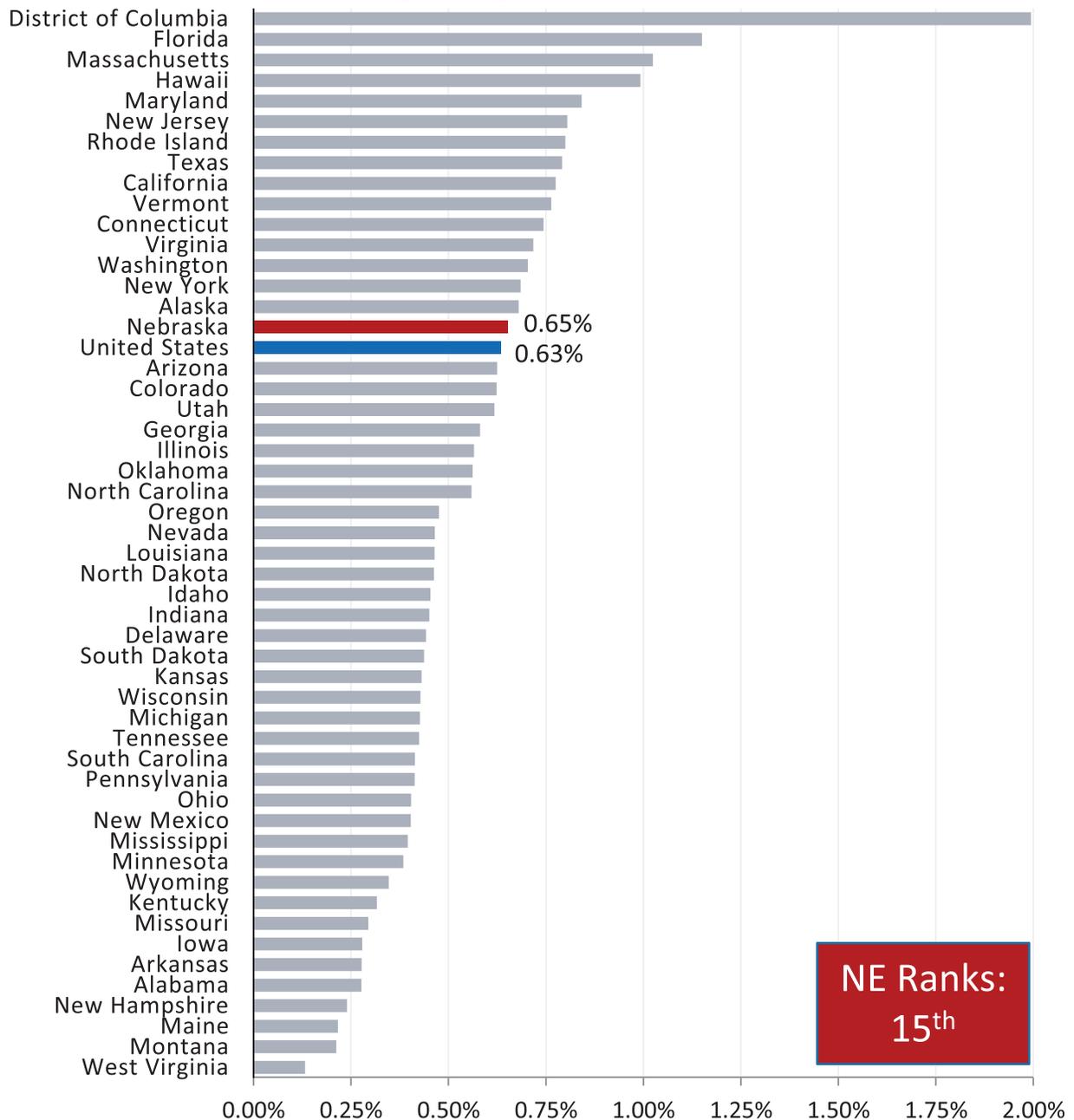
In Nebraska, foreign-born residents account for about 71 of every 1,000 residents. This rate is lower than the national average but puts the state in the middle of the pack (26th out of all 50 states). Nebraska's concentration of foreign-born residents is similar to many other Midwestern states.



Source: EL calculations based on US Census Bureau microdata

In 2022, about 12,650 Nebraska residents lived outside the U.S. one year prior. This foreign immigration amounts to about 0.65 percent of the total Nebraska population in 2022. This was the 15th highest rate of foreign migration in the country and just above the national average.

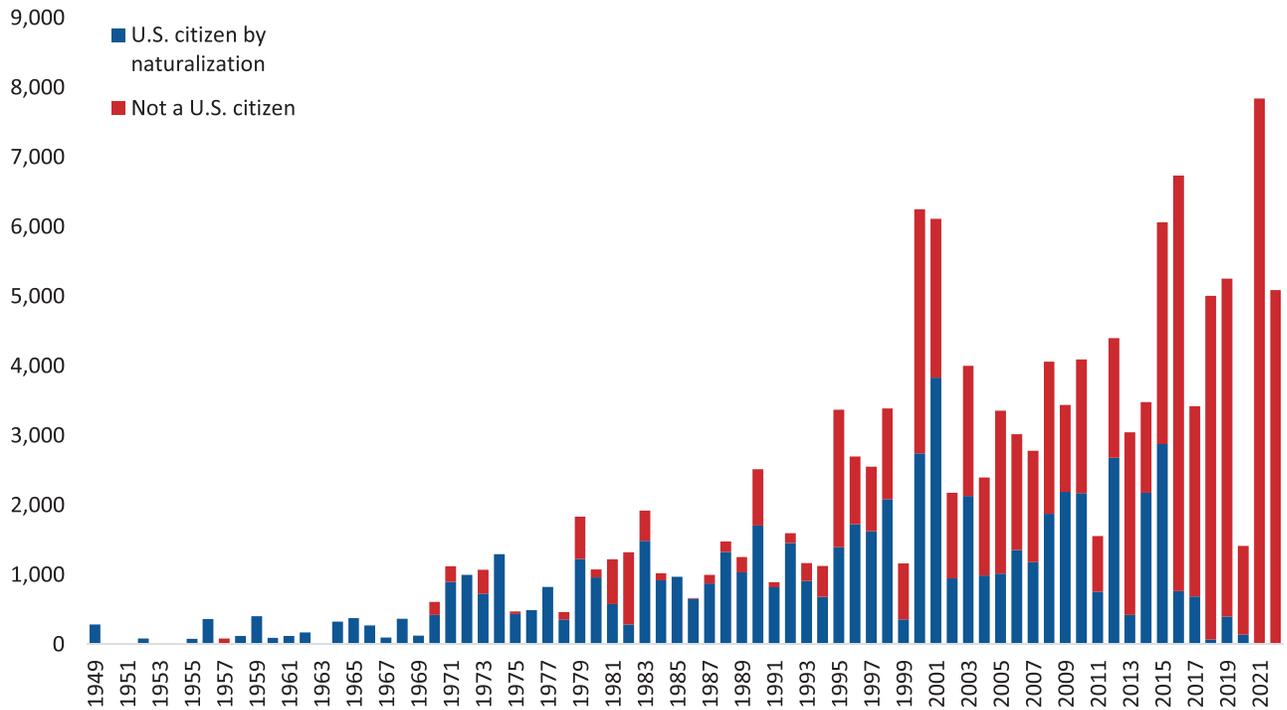
Net Foreign Migration Rate, 2020-2021



Source: EL calculations based on US Census Bureau microdata

Most of Nebraska’s foreign-born residents have come to the U.S. since 2000. This level of immigration is relatively new for the state. The data indicates that immigrants who stay in the U.S. tend to pursue becoming naturalized American citizens.

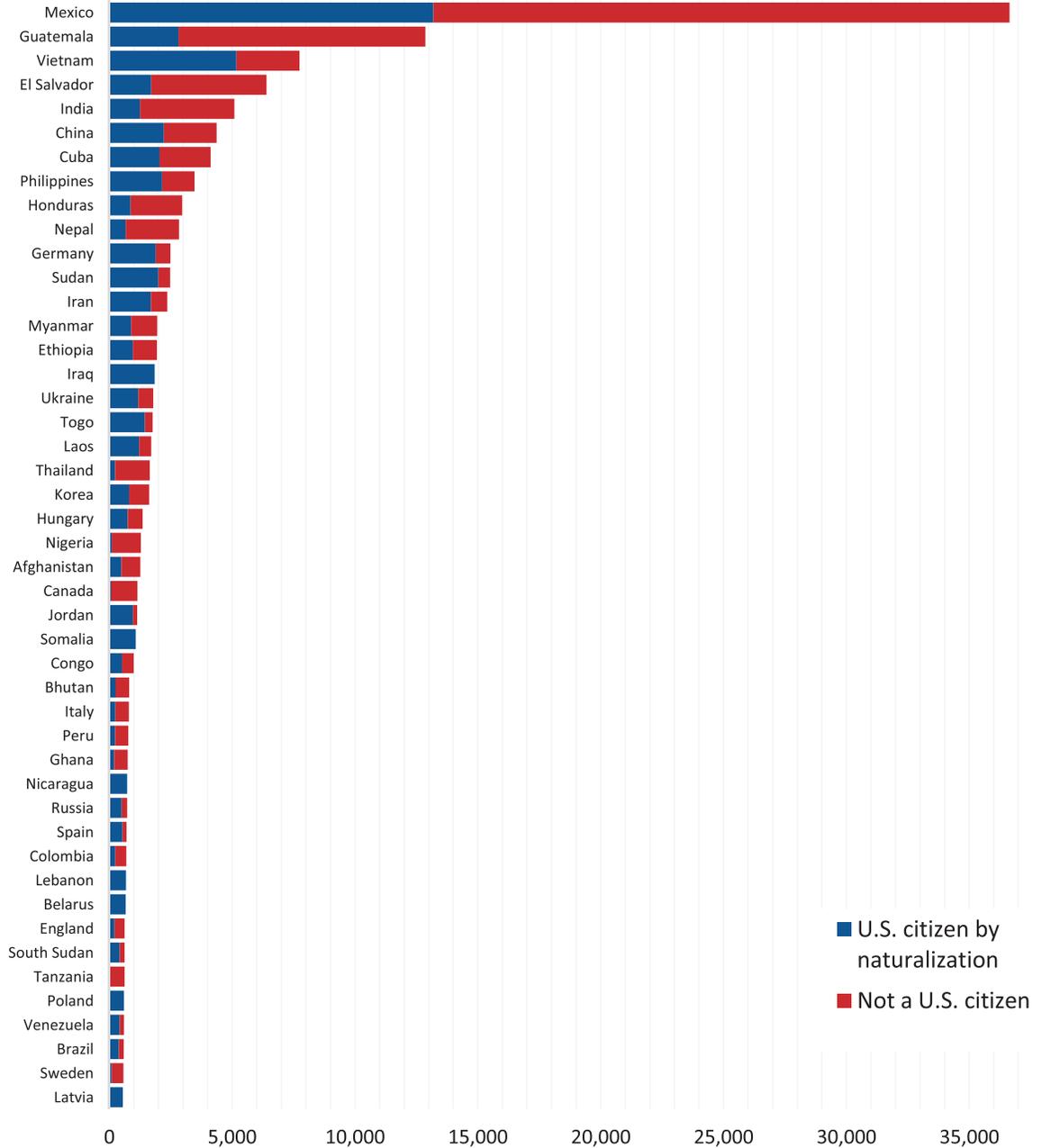
Nebraska Foreign Born Residents by Citizenship Status and Entry Year



Source: EL calculations based on US Census Bureau microdata

Nebraska’s foreign-born residents come from a variety of countries. The greatest number of them come from Mexico and Latin American nations.

Nebraska Foreign Born Residents by Place of Birth, 2022

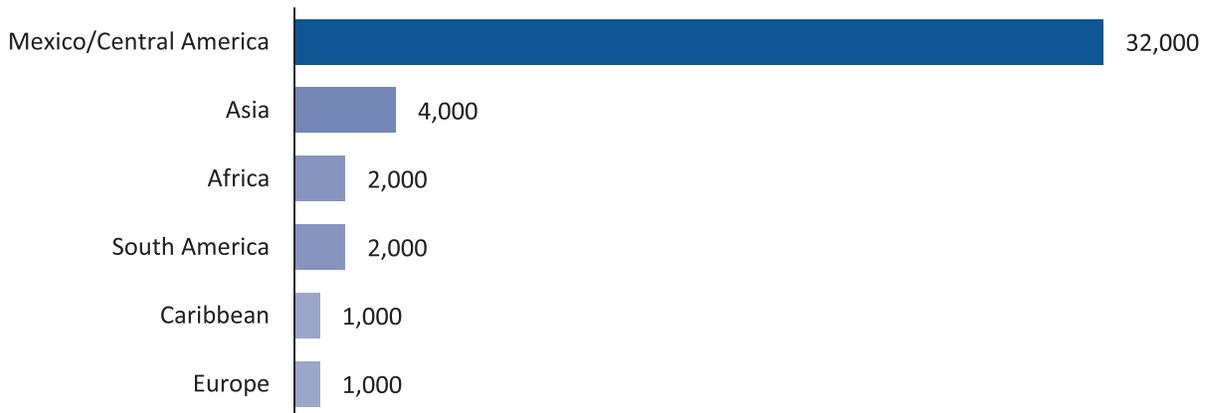


Source: EL calculations based on US Census Bureau microdata

A report by Wells Fargo and the Latino Donor Collaborative estimated that the entire Latino population in Nebraska contributed \$7.3 billion to the state’s GDP. This was about five percent of the state’s total GDP in 2021. Vietnamese immigrants are the third largest group in Nebraska. There are also sizable Indian and Chinese populations in the state.

Data on undocumented workers is more difficult to generate and less precise than other figures. The Migration Policy Institute estimated these populations by state in 2019. They estimated that about 42,000 residents in Nebraska were undocumented immigrants, with the majority of these individuals originally migrating from Mexico and Central America.

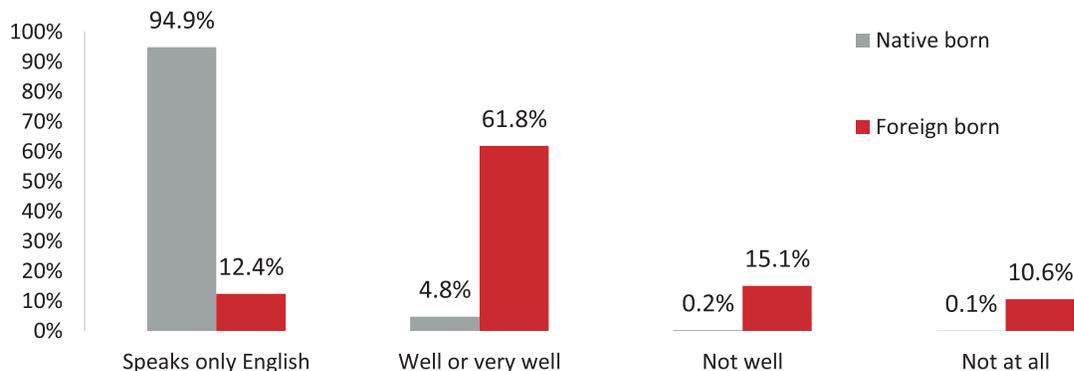
Nebraska Undocumented Resident Estimates by Region of Birth, 2019



Source: Migration Policy Institute (2023)

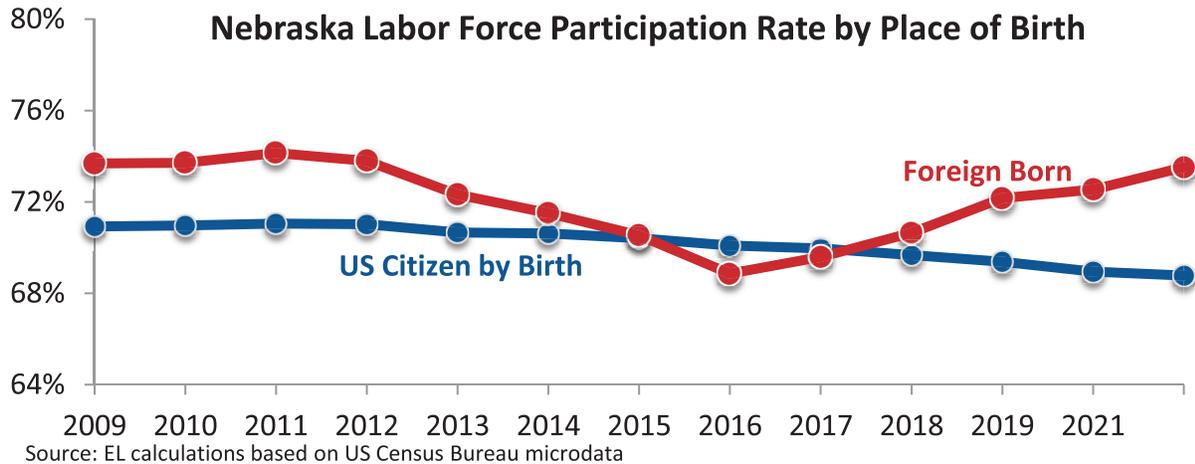
Most of Nebraska’s foreign-born residents originate from non-English speaking countries and primarily speak another language (about 88 percent). The majority of foreign-born residents indicate that they can speak English well. About 26 percent of the foreign-born population does not speak any English or does not speak English well.

Nebraska Residents by Place of Birth and English Proficiency, 2022



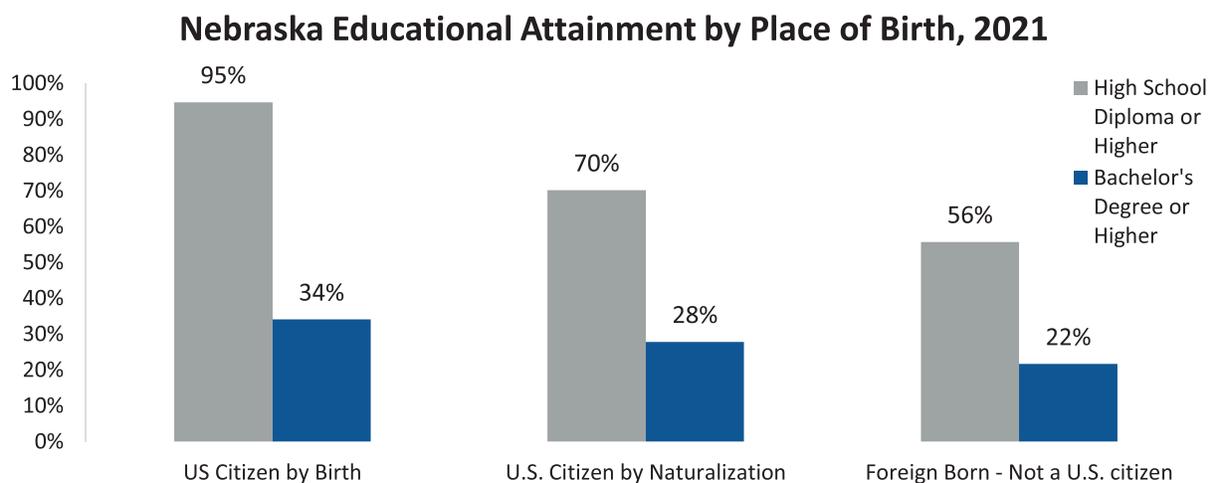
Source: EL calculations based on US Census Bureau microdata

Foreign-born workers offer an opportunity to address workforce gaps in Nebraska, particularly in essential fields like healthcare, construction, and agriculture. Foreign-born labor force participation rates in the state tend to be higher than for U.S. citizens by birth, with foreign born workers over age 55 particularly more likely to be in the active labor force.



In addition to the aforementioned impacts of an aging population, Nebraska is also experiencing a reduction in young people participating in the workforce. In Nebraska (and nationally), labor force participation among younger age groups has been trending downward. While the labor force participation rate among native-born Nebraskans has steadily decreased, the foreign-born labor force participation rate has increased.

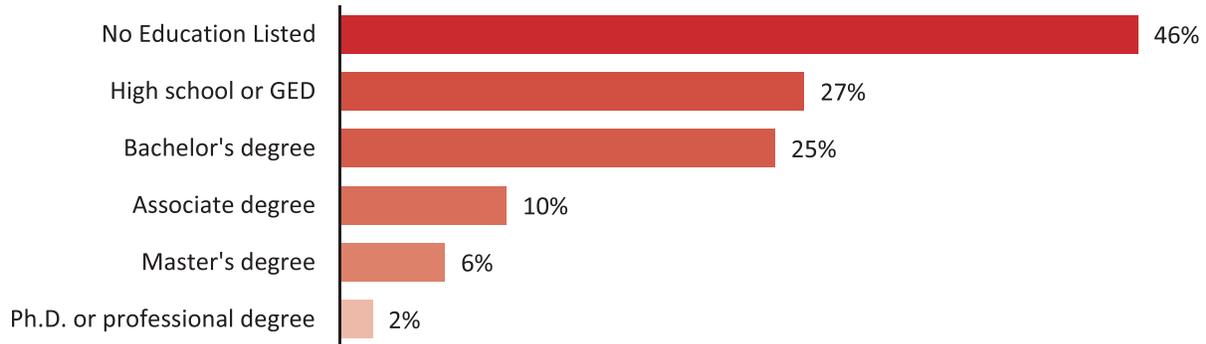
Nebraska’s foreign-born population is less educated than the native-born population. More than a third of native-born adults have obtained a bachelor’s degree or higher.



Source: EL calculations based on US Census Bureau microdata

Nebraska residents have a high average level of education, but most job openings in the state do not specify an education requirement. Only 33 percent of job postings in the last three years included any mention of a bachelor’s degree or higher education in their listing. Nebraska – like most of the U.S. – has a more educated populace than the jobs in the state economy currently demand.

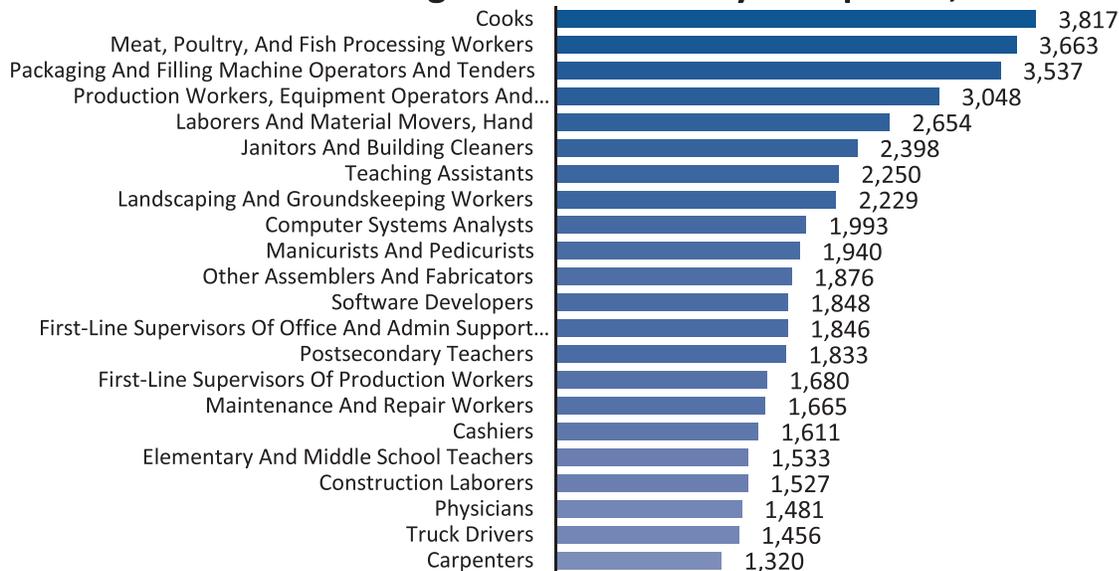
Education Requirement for Online Job Postings, Sept 2020 - Sept 2023



Source: EL calculations based on Lightcast 2023.4

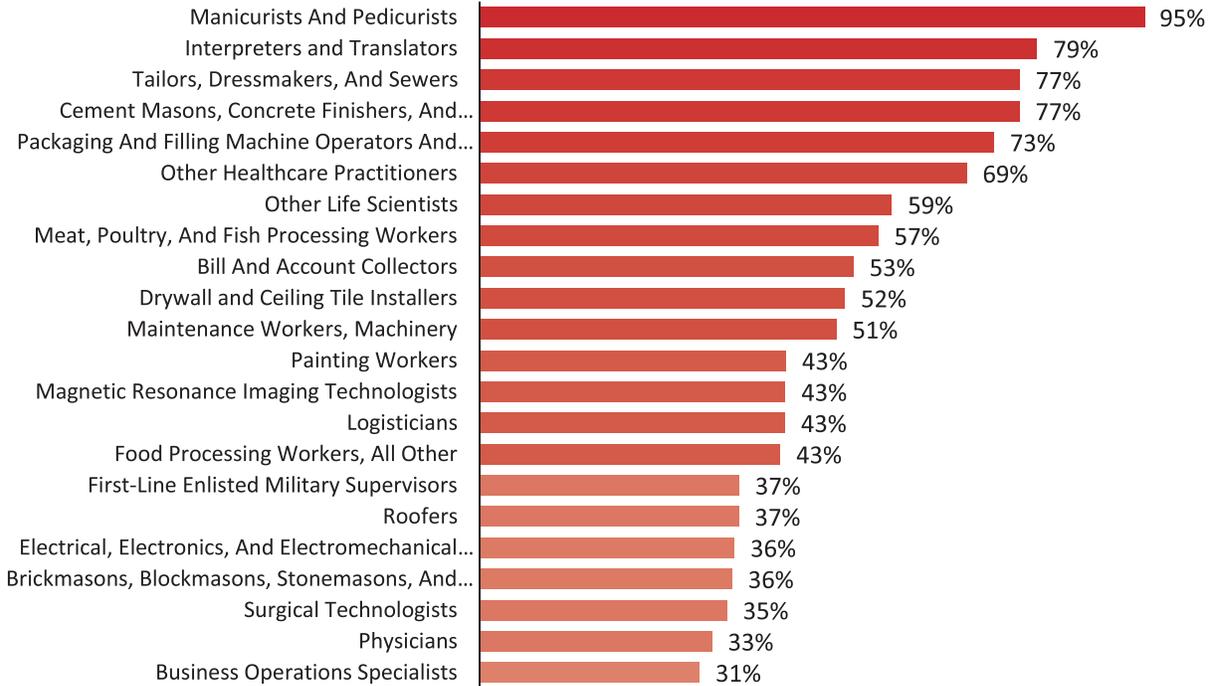
Foreign-born residents in Nebraska work in a variety of occupations. The majority of these jobs are part of the agriculture/food system and the manufacturing, logistics, and transportation ecosystems. These are crucial jobs for the state’s economy in feeding its residents, building its homes, and creating and distributing goods across the economy. Foreign-born residents are also employed in computer and education careers. In terms of percentages, foreign born workers account for a strong portion of healthcare employment.

Nebraska Foreign Born Workers by Occupation, 2022



Source: EL calculations based on US Census Bureau microdata

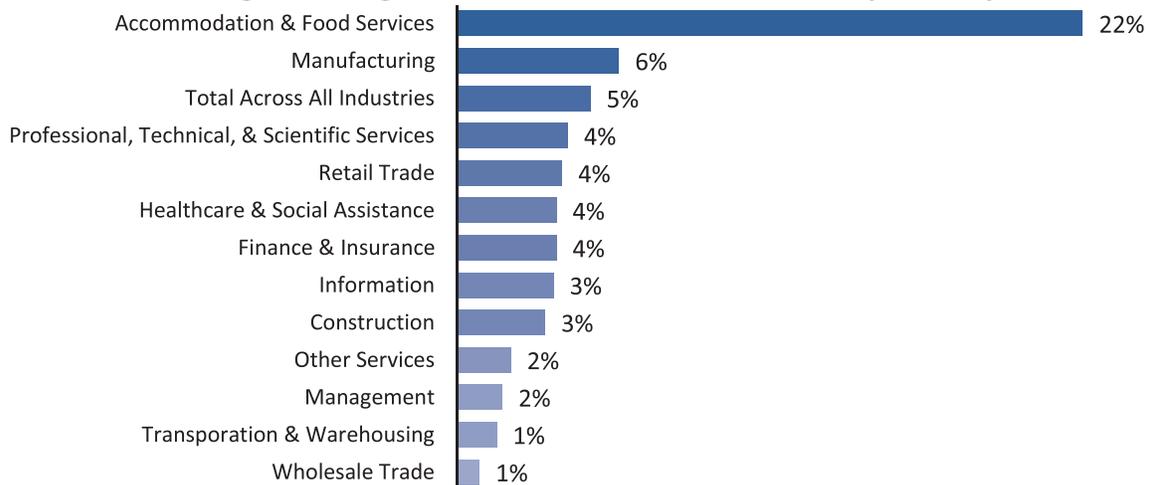
Nebraska Top Occupations for Foreign Born Workers by Percentage, 2022



Source: EL calculations based on US Census Bureau microdata

Research has shown that foreign-born residents are typically more likely to start a business. In Nebraska, foreign-born residents account for about five percent of business owners. This rate is higher for the accommodation and food services industry as well as manufacturing. This influx of international expertise and entrepreneurship can serve as a catalyst for economic development, stimulating sectors that are vital to the state's prosperity. Immigrants who stay and become naturalized citizens tend to earn more than their non-naturalized counterparts, perhaps due to this entrepreneurial trend.

Percentage of Foreign Born Nebraska Business Owners by Industry, 2021

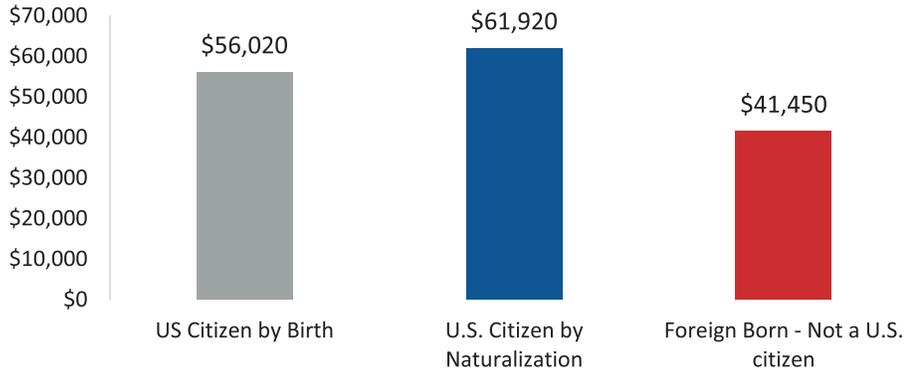


Source: EL calculations based on US Census Bureau microdata

In most states the share of foreign-born entrepreneurs is higher than the rate of foreign-born residents in the population, shown as a business ownership rate over 100.

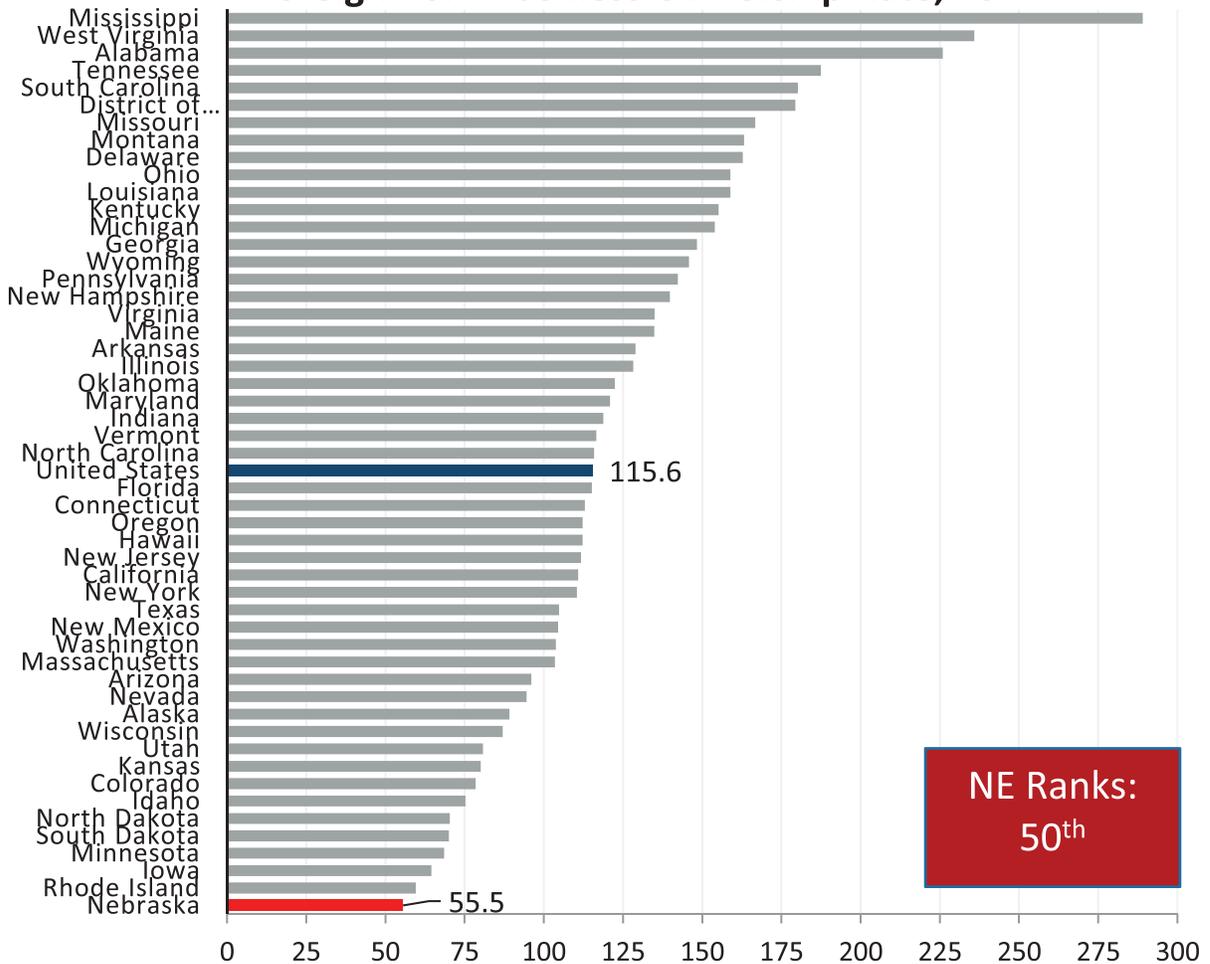
However, Nebraska had the nation's lowest rate of foreign-born business ownership as of 2021. Assisting entrepreneurship among foreign born residents could be an opportunity to spur the economy.

Average Annual Earnings of Employed Residents by Citizen Status



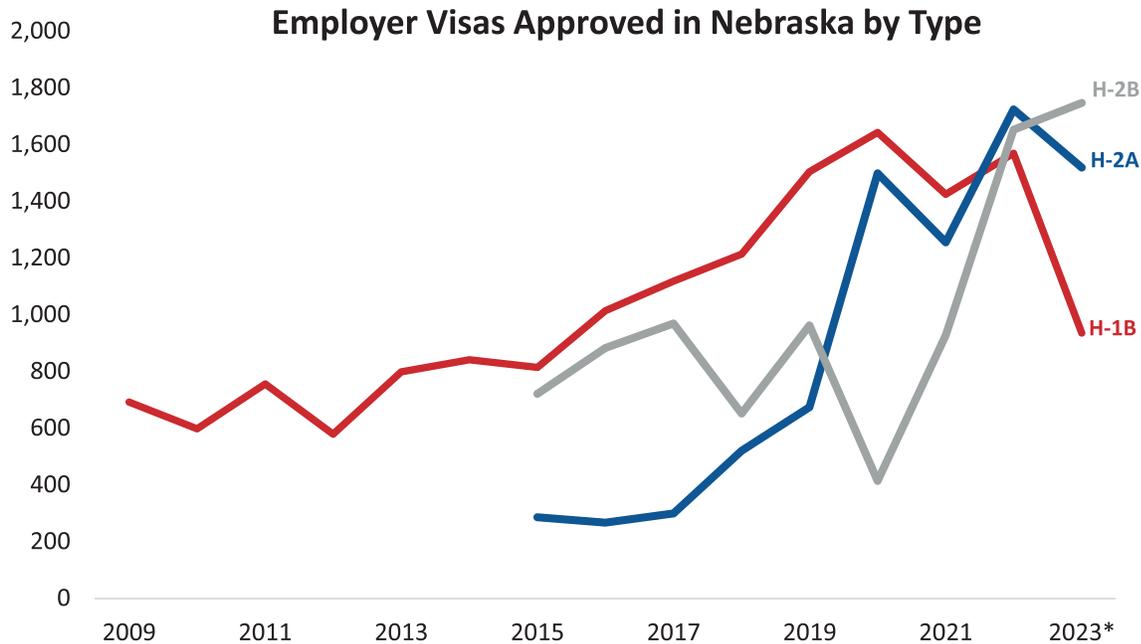
Source: EL calculations based on US Census Bureau microdata

Foreign Born Business Ownership Rate, 2021



Source: EL calculations based on US Census Bureau microdata

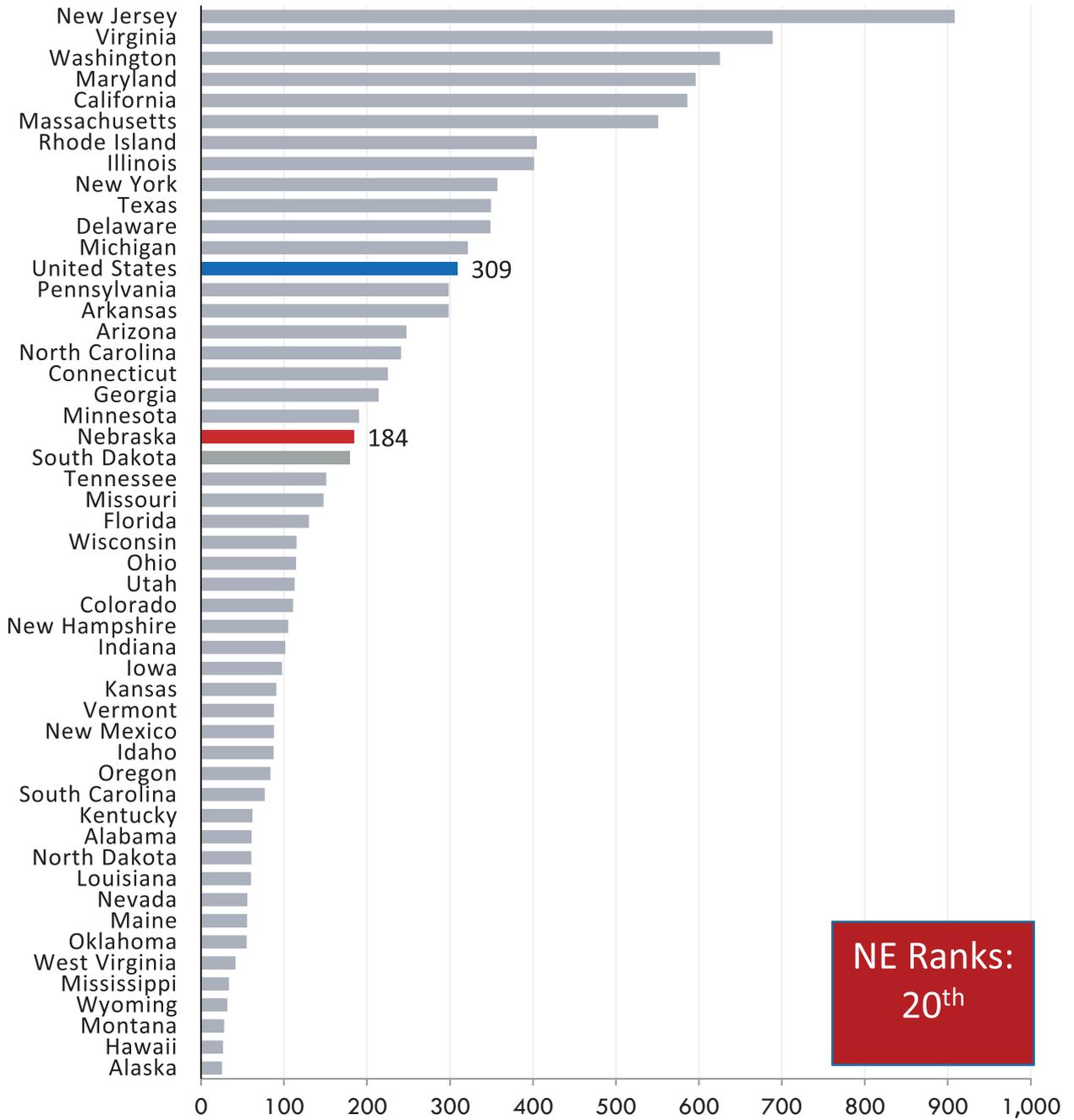
Nebraska companies can utilize a variety of federal visa programs as they hire. The top three temporary programs are H-1B, H-2A, and H-2B visas. The H-1B visa program allows highly educated foreign professionals to work in specialty occupations that require a bachelor’s degree or higher. This program can help fill STEM occupations. The H-1B visa requires the employer to prove that the foreign worker will not harm the work opportunities of a U.S. citizen. About 184 of every 100,000 workers in Nebraska are H-1B visa recipients. This is below the national average, but the 20th highest level in the United States.



Source: USCIS (2023)
 * As of 7/25/2023

The H-2 visa program allows for legal migration for work in less specialized and knowledge-focused occupations. The H-2A program focuses on agricultural/food system jobs while the H-2B program is for any non-agriculture services. In Nebraska, the H-2B program tends to focus on landscaping and construction jobs. In recent years, more Nebraska employers have utilized these federal programs for their workforce needs. If the federal quotas for these programs were increased, this could help Nebraska companies utilize these programs even more.

H1B Visas Approved Per 100,000 Workers, 2022



Source: EL calculations based on USCIS (2023) and Lightcast 2023.4

The threat of a dwindling workforce is predicted to continue as the baby boomer generation retires. Baby boomers needing care pull more of their children from the workforce, and their wealth is transferring to heirs, decreasing the desire for some to work. This challenge is not unique to Nebraska, or even the United States. Workforce challenges are occurring across the globe, and countries that have been significant immigration sources (like Mexico) might have fewer sidelined workers who are willing to emigrate. Companies may, in turn, raise prices for their goods or services, and more jobs may need to be automated if they cannot be staffed. There are still many jobs, such as home health care and customer service, that consumers would prefer to be staffed by humans.

Foreign immigrants contribute to the labor force and are particularly important for staffing jobs in essential industries and occupations. Helping Nebraska's companies to address workforce challenges boosts the state's global competitiveness and positions it as an attractive destination for business and investment. In the context of economic development, the role of foreign immigration becomes a strategic investment in the resilience and adaptability of Nebraska's workforce and business dynamism, and it helps position the state on a trajectory of sustainable growth in the face of evolving economic challenges.





Nebraska Immigration Focus Group

Twelve participants representing manufacturers, state and local chambers, and other organizations around Nebraska participated in an online forum on immigration in October 2023. Here is a summary of the key points that this group raised.



FOCUS GROUP

We Don't Have a Choice

When it comes to the issue of immigration, there is universal and widespread business support for immigration reform as a means to address the workforce gap in Nebraska. Participants clearly understood that the demand generated from the state's current economic growth trajectory will exceed the state's projected workforce supply. Nebraska's decreasing birth rate coupled with a high labor force participation rate will require a talent influx in order to meet the needs of the state's strong projected economic growth. There was universal consensus that immigration is critical to the state's ability to continue to grow and prosper.

"The data clearly shows, we can't do it with just our own people."

The Effort Needs to be National and Should be Focused

In discussions on how to make immigration a priority for the state, there was also universal agreement that a national solution for legal immigration was required. Focus group members voiced support for the NE Chamber to prioritize helping the Nebraska state legislature to understand immigration's importance to the state's economy and the need to work collaboratively with other states to push for a national solution. The group also voiced their support for a multi-sector approach, since immigration was an important issue for all Nebraska businesses, from agri-business to tech firms to manufacturers.

While several issues within the immigration system were identified as important to target, there was general support for three primary focus areas: 1) increasing the number of visas, 2) decreasing the time it takes to get through the process, and 3) creating pathways for those already here but undocumented. Some participants expressed that the effort should also emphasize targeted skills important to Nebraska and pursue creation of a targeted visa initiative. The group also expressed that the right messaging was critical to counter the uninformed messaging that had many Americans believing immigrants would “take their jobs” or harm their communities.

“We need to attack the wedge [that has been created on the issue], but focusing on the truth, the real numbers.”

Nebraska Has to be Ready

The group unanimously agreed that any immigration reform effort should include greater support services to ensure success. Several participants representing non-profit organizations that work with immigrant populations shared the difficulties and barriers that immigrants encounter when attempting to assimilate. These include language, training, and other issues adapting to a new culture, as well as legal barriers for the undocumented. That discussion led to a consensus by the group that for immigration reform to be successful in Nebraska, it would require ensuring that our communities are ready to meet the needs of an immigrant population – including tackling larger issues such as available and affordable housing and equipping public schools with appropriate numbers of ESL teachers and guidance counselors.

If National Reform Doesn't Work

The group also discussed what options that Nebraska might explore if national immigration reform isn't successful in the near future. One participant suggested that the NE Chamber consider a plan to help Nebraska become the ***best state for immigrants that are already here*** in the U.S.: an immigrant talent recruitment strategy. While the group debated whether that would include undocumented immigrants as well, the general concept was met with support from the group. There was a robust discussion about how that could work, and specifically how each community within the state could or would meet the needs of the recruited talent. They also discussed the role that the NE Chamber, partnering with the local chambers, could have in championing that effort.

Strategies and Tactics for All

Finally, the discussion on the “best state for immigrants that are already here” led to a conversation on how the NE Chamber’s immigration strategy would need to take into account the diverse nature of local communities across the state. The group concurred that there should be a statewide strategy, but it should include tactics that could act as a menu of options for local communities to select as most relevant to their needs and their capacity to provide support. It was noted that Nebraska valued local control because community mattered. Providing tactics within the broader strategy that addressed that value would go a long way to creating more robust support and engagement in all parts of the state.

Additional Focus Group Quotes:

“While it’s not the ultimate solution, just speeding up the process would be extremely helpful.”

“There’s lots of little things you can do to show you care, you’re mindful of their barriers. In Colorado some of their street signs are in multiple languages.”

“Messaging is critical. How do we share stories that your new neighbor is a great person?”

Immigration Discussion from One-on-One Interviews

One-on-one stakeholder interviewees for the Nebraska Competitiveness Assessment echoed opinions and thoughts from the focus group about immigration and the need for policy reform. They provided nearly unanimous consensus that solving legal immigration is “extremely important” and “critical” for Nebraska and the United States. Given demographic trends, business leaders said it is “glaringly apparent” that Nebraska isn’t able to—and won’t be able to—meet its workforce needs without embracing immigration. As one individual put it, there is “no other subset” of available workers. Another says that without a two-pronged effort to accelerate both immigration and automation, the state will be unable to grow its economy.



One-on-one interviewees saw the current immigration system as “broken.” They felt that America needs to “close the back door” but “open the front door” for a greater volume of legal immigration. They understood that there’s a stigma around illegal immigration, but stressed that legal paths must be improved. Some were concerned that the issue is “toxic” and confusing to explain. However, most stakeholders urged Nebraska to help push reform at the national level, joining with other states facing the same workforce challenges.

America needs to “close the back door” but “open the front door” for a greater volume of legal immigration.

Stakeholder interview consensus

If immigration can be increased, respondents believed that immigrants will need a full range of supports in Nebraska and subregions of the state. New residents will need language training, a path to full citizenship, and help on the path to homeownership. Support will be needed from Nebraska churches, schools, and other supporting organizations.

Several stakeholders have had positive experiences with refugees and other immigrants working in Nebraska. One has 15 or more languages spoken at their plant by “great workers” from around the world.

Immigration Strategy Best Practices

NE Chamber stakeholders believe that immigration must be addressed at the national level while being encouraged and supported at the state and regional levels. Immigrant labor has been historically important



for industries such as agriculture and manufacturing, but it impacts a multitude of sectors in Nebraska including healthcare and tech. Immigration can provide a critical boost to the labor force, especially for the state's non-urban counties. Nebraska had 69 counties that lost population between the 2010 and 2020 U.S. Census counts.^{xvii}

Below are examples of successful practices regarding the attraction of and support for new migrants in the United States and Canada.

Immigrant Attraction Programs

Canada's federal government and provincial governments have aggressively instituted programs to court immigration in rural Canada. These programs have helped change the country's percentage of immigrants settling outside of major metro areas from 10 percent in 1997 to 40 percent in 2017.^{xviii}

Initiatives include:

- The Atlantic Immigration Program in four maritime provinces, to help employers hire foreign skilled workers and international college graduates. It gives applicants a pathway to permanent residency. The initiative was started as a pilot in 2017 and became permanent in 2022. It is now estimated to attract about 6,000 new residents a year.
- The Rural and Northern Immigration Pilot, to address a 23 percent decline in potential workers in rural Canada along with a 40 percent increase in potential retirees. In June 2019, an initial group of 11 small communities started testing strategies to attract and retain newcomers who can meet the greatest labor needs. This pilot program also provides a path to permanent residency for skilled workers.
- An Agri-Food Permanent Residence Pilot, launched in 2019 to support workforce capacity in agriculture and food processing. It provides a pathway to permanent residence for experienced, non-seasonal workers in specific industries and specific occupations. In 2023 the program was extended through May 2025, and caps by occupation were lifted.

A number of cities, regions, and states in the U.S. are also focused on attracting and supporting immigrants, partly as an economic development strategy. Toledo and surrounding Lucas County, Ohio are both Certified Welcoming communities by the non-profit organization Welcoming America. The city and county's Welcome TLC organization was established in 2014 and its work is organized around four thematic areas: a) Community Outreach; b) Legal Services; c) Language Access; and d) Workforce & Economic Development.

The State of Michigan has an Office of Global Michigan aimed at welcoming skilled migrants and refugees to the state, connecting them with work opportunities, and providing important supports. The Office of Global Michigan operates Michigan International Talent Solutions (MITS) to help immigrant professionals with STEM backgrounds more quickly find work within their profession. Global Michigan also has a refugee services program, and a newcomer rental subsidy initiative helps new foreign-born residents to obtain affordable housing.

Essential Support and Services for Immigrants

- Many places in the U.S. have been proactive in welcoming foreign-born residents and sponsoring immigrant families. In the small city of Worthington, Minnesota, about one-third of the population was born outside the United States. Significant immigration there started with Hmong and Laotian refugees sponsored by local churches 40 years ago. The city's population has grown 17 percent since 2000 (compared with less than two percent for all non-metro counties in Minnesota), and the labor force has grown even faster. Foreign-born residents appreciate the same attributes as native-born citizens: a low crime rate, low cost of living, and a short commute. After "decades of experience," Worthington is seen as a "model of inclusiveness."^{xix} Worthington hosts an International Festival, now in its 29th year. Lingering issues include relatively few immigrants in city government, especially the police force.

Among the primary resources for immigrant residents in and around Worthington is the Nobles County Integration Collaborative, a joint effort by six school districts to promote multicultural awareness and understanding. Its activities also strive to increase parent involvement with the schools and improve student success through after school programs, homework assistance, and other efforts. Another asset is the Immigrant Law Center of Minnesota, which has a branch location in Worthington.

Although the main employer in Worthington is a JBS meat processing facility, many immigrants have started their own businesses. These business owners note similar challenges to those that any entrepreneur would have – access to credit, finding good employees, navigating regulations – but also say that cultural and language barriers can make it tough to "convince lenders that their business ha[s] a viable market."^{xx}

- The meatpacking town of Lexington, Nebraska has focused on welcoming immigrants and providing support services for decades. Lexington leaders opened a Welcome Center in the 1990s, offering orientation resources and immigration legal services. Schools there emphasize parent engagement and ESL classes, leading to high school graduation rates that are “consistently...above the state average.”^{xxi}
- St. James, Minnesota (population 4,500) leaders formed the Spirit of St. James organization to craft a strategy for being inclusive and welcoming to immigrants. Other community initiatives followed in the 1990s and 2000s, including the Latino-led La Convivencia Hispana, a Family Services Collaborative, and the Uniting Cultures/Uniendo Culturas community-building effort. Concrete changes have included more ESL programs in schools, offering post-high school scholarships for Latino youth, translation of documents into Spanish, and promoting leadership development in the Latino community.^{xxii}
- Austin, Minnesota (population 25,000) has immigrants from many countries including Ethiopia and Burma. In Austin, partners such as the Development Corporation of Austin provide training for immigrants with issues related to starting and operating a business in America: incorporation, licensing, regulations, taxes, and commercial real estate leases.^{xxiii}

Overall, research indicates that the most important services for immigrant families focus on interpretation and translation services, language learning, legal services, educational access and engagement, social inclusion, and leadership development.

Housing Development

Another important issue in communities hosting significant numbers of new immigrants is the availability and cost of housing. Particularly for smaller cities that have seen little or no new housing development in recent decades, an influx of new residents can strain existing housing resources. State and local programs (public, private, and joint partnerships) to address housing supply are increasingly common.

- South Dakota House Bill 1033, adopted in 2022, provided \$200 million for the development of workforce housing. Funds are to be used for infrastructure (such as streets and water and sewer lines) that support housing development. The measure established that half of the funding will be via grants and half will be made through a revolving loan fund.
- JBS Foods' nationwide \$100 million Hometown Strong initiative includes housing development efforts in several states. A \$1.2 million investment in Ottumwa, Iowa will create 108 new two-bedroom and three-bedroom apartment units. A new Revolving Housing Fund for affordable housing development in Beardstown, Illinois is being supported with \$1 million from JBS, which also purchased 37 acres of land for new housing. In Green Bay, Wisconsin, the company is donating \$500,000 and 25 acres of land for the East Side Community development that will include housing for JBS team members. The city is currently designing the neighborhood project.
- Some companies are offering home purchase incentives for their employees. A major tomato products firm from Indiana, Red Gold Foods, pays up to \$10,000 of team members' mortgage down payments. The program is available for those buying a home near one of Red Gold's processing plants in four Indiana towns with populations ranging from 1,300 to 8,400.
- In Austin, Minnesota, the area's largest employer – Hormel – contributed \$2.2 million through the company's foundation toward the creation of an 88-unit affordable rental neighborhood.
- Business owner Ken Kellar donated land and \$180,000 through his foundation to develop an 18-unit rental townhome complex in Aitkin, Minnesota (population 2,200) in partnership with a central Minnesota non-profit housing organization.
- A public-private partnership in Lexington, Nebraska is addressing its housing shortage, with the city government and leading employer Tyson Foods launching a plan in 2013 to build 900 new housing units by 2030. Tyson's contribution is to reimburse the city for land acquisition costs. As of a 2023 report, 500 homes had been completed.^{xxiv}

Conclusions

This report has highlighted some of the many benefits that immigrants provide for the United States and Nebraska. Of particular importance is the ability of immigrants to fill crucial jobs in both higher and lower skilled occupations, given the demographic realities of the American population. For years to come, it is likely that the participation of native-born residents in the workforce will simply not be enough to sustain economic growth. In addition to this key contribution, foreign-born residents can also be expected to support the economy in an outsized role as entrepreneurs and innovators, as well as paying taxes to support critical programs.

The NE Chamber and employers all across the state can play an important role in increasing the likelihood that, through immigration, Nebraska will have the adult labor force, the innovators, and the taxpayers it needs to sustain a thriving economy. The primary task is to engage with the state's Congressional delegation and push forward federal immigration reform that has languished for far too long. A **national solution to facilitate legal immigration** – closing the back door while opening the front door – is essential.

Immigration reform at the national level needs to be comprehensive in nature. It must improve U.S. border safety and security. It should provide for increased work visa numbers (for both more skilled and less skilled workers) or remove visa caps altogether. The immigration process should be made faster, easier, and less expensive to go through for migrants coming to America, and less cumbersome for employers to interact with and document. In addition, reform legislation should provide a path to citizenship for undocumented workers that are already in Nebraska and the United States.

Current federal legislative proposals may or may not receive enough political support, but the U.S. Chamber's LIBERTY Campaign serves as a good model for what policies should be included to be considered comprehensive and bipartisan. Nebraska should work to endorse legislation addressing those policies and build a coalition with like-minded states and their business communities to make meaningful reform a reality. Leaders from a wide variety of Nebraska industries – healthcare, technology, manufacturing, agriculture and more – should participate, since all will benefit.

Beyond this, the Nebraska business community should be a key player in **planning for success in attracting immigrants**. Regional support teams should be created around the state, in each region involving employers, non-profits that work with immigrants, governments, schools, and religious institutions. Teams should develop a strategy to provide the most important services that new immigrants need – including ESL/language learning, interpretation and translation services, legal services, educational access and school/parent engagement, social inclusion, and community leadership development. At the state level, regional teams could be guided and

assisted by a state welcoming advisory board made up of major non-profit organizations, government, and business leaders.

In many areas, it may also be necessary to address the **availability and affordability of housing**. Creating more housing – with a wider variety of types and price ranges – can be addressed by the public sector, private sector, or public-private partnerships. Ideas from the best practices section in this report provide numerous examples of state and community initiatives to improve workforce housing.

Finally, the state and its regions may want to undertake an immigrant recruitment strategy to broadcast the state’s intent to be the **most welcoming place in America for foreign-born residents**. This strategy could be designed to appeal to recent immigrants already living in other states as well as newly arriving migrants and refugees. An attraction strategy will highlight the support services that the state and individual regions provide, help connect new residents with jobs that match their skill sets, and perhaps include additional initiatives such as an entrepreneurship/small business creation assistance program tailored to recent immigrants.

This report was researched and written by the Economic Leadership team, Greg Payne, Skylar Casey, and Ted Abernathy, for the NE Chamber Foundation, January 2024.

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